

Revised

Consolidated Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **2/18/2020 6:02:14 PM**
 Lead Agency: **MNsure**
 Other Agencies:
 Administration Dept Health Dept
 Human Services Dept Medical Practice Board
 Minn Management and Nursing Board
 Budget
 Pharmacy Board

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Administration Dept						
Health Care Access	-	321	-	-	-	-
New Fund	-	-	36,806	36,806	36,806	36,806
Human Services Dept						
Health Care Access	-	26	-	-	-	-
New Fund	-	-	332	316	316	316
MNsure						
Health Care Access	-	496	250	250	250	250
New Fund	-	-	677	677	677	677
Pharmacy Board						
Health Related Boards	-	-	-	-	-	-
New Fund	-	-	(38,408)	(37,799)	(37,799)	(37,799)
State Total						
Health Care Access	-	843	250	250	250	250
New Fund	-	-	(593)	-	-	-
Health Related Boards	-	-	-	-	-	-
Total	-	843	(343)	250	250	250
Biennial Total			500			500

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Administration Dept					
Health Care Access	-	.33	-	-	-
New Fund	-	-	1.5	1.5	1.5
Human Services Dept					
Health Care Access	-	2.5	-	-	-

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Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
New Fund	-	-	5.5	5.5	5.5
MNsure					
Health Care Access	-	7	-	-	-
New Fund	-	-	7	7	7
Pharmacy Board					
Health Related Boards	-	-	-	-	-
New Fund	-	-	-	-	-
Total	-	9.83	14	14	14

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

Revised to correct MNsure expenditure narrative to show they would need to hire five, not six health insurance program representatives, to correct labels in table of FY 2020 costs for public awareness campaign and assister training, and remove reference in assumptions to MA and MinnesotaCare eligibility.

LBO Signature: Kathryn Ho **Date:** 2/18/2020 6:02:14 PM
Phone: 651-297-7146 **Email:** kathryn.ho@lbo.leg.mn

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Administration Dept					
Health Care Access	-	321	-	-	-
New Fund	-	-	36,806	36,806	36,806
Human Services Dept					
Health Care Access	-	26	-	-	-
New Fund	-	-	332	316	316
MNsure					
Health Care Access	-	496	250	250	250
New Fund	-	-	677	677	677
Pharmacy Board					
Health Related Boards	-	-	-	-	-
New Fund	-	-	(38,408)	(37,799)	(37,799)
Total	-	843	(343)	250	250
Biennial Total			500		500
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Administration Dept					
Health Care Access	-	321	-	-	-
New Fund	-	-	36,806	36,806	36,806
Human Services Dept					
Health Care Access	-	26	-	-	-
New Fund	-	-	332	316	316
MNsure					
Health Care Access	-	496	250	250	250
New Fund	-	-	677	677	677
Pharmacy Board					
Health Related Boards					
Expenditures	-	2	2	2	2
Absorbed Costs	-	(2)	(2)	(2)	(2)
New Fund	-	-	-	-	-
Total	-	843	38,065	38,049	38,049
Biennial Total			38,908		76,098
2 - Revenues, Transfers In*					
Administration Dept					
Health Care Access	-	-	-	-	-
New Fund	-	-	-	-	-
Human Services Dept					
Health Care Access	-	-	-	-	-
New Fund	-	-	-	-	-
MNsure					
Health Care Access	-	-	-	-	-
New Fund	-	-	-	-	-
Pharmacy Board					

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State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Health Related Boards	-	-	-	-	-
New Fund	-	-	38,408	37,799	37,799
Total	-	-	38,408	37,799	37,799
Biennial Total			38,408		75,598

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Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
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 Date Completed: **2/18/2020 6:02:14 PM**
 Agency: **MNsure**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022
Health Care Access	-	496	250	250	250
New Fund	-	-	677	677	677
Total	-	496	927	927	927
Biennial Total			1,423		1,854

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Health Care Access	-	7	-	-	-
New Fund	-	-	7	7	7
Total	-	7	7	7	7

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Kathryn Ho **Date:** 2/18/2020 5:57:20 PM
Phone: 651-297-7146 **Email:** kathryn.ho@lbo.leg.mn

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Health Care Access	-	496	250	250	250	
New Fund	-	-	677	677	677	
Total	-	496	927	927	927	927
			1,423			1,854
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Health Care Access	-	496	250	250	250	
New Fund	-	-	677	677	677	
Total	-	496	927	927	927	927
			1,423			1,854
2 - Revenues, Transfers In*						
Health Care Access	-	-	-	-	-	-
New Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
			-			-

Bill Description

Section 1, subdivision 1 requires the commissioner of administration to implement and administer an emergency insulin assistance program beginning July 1, 2020.

Section 1, subdivision 2 permits the commissioner of administration to contract with a third-party administrator (TPA). The TPA will process claims and pay pharmacies for insulin dispensed to individuals.

Section 1, subdivision 3 requires that eligible individuals have a valid prescription for insulin and attest to being a resident of Minnesota; not be enrolled in medical assistance (MA) or MinnesotaCare; have a tax household income equal to or less than 500% FPL; be uninsured, have prescription drug coverage through Medicare and have incurred annual out-of-pocket drug costs that exceed \$1,000, or have private health insurance coverage with cost-sharing that exceeds \$50 for a month's supply of insulin; not be eligible to receive insulin through Indian Health Services, be enrolled in TRICARE, or have prescription benefits through the VA; and, not have used the emergency insulin assistance program in the past 12 months.

Section 1, subdivision 4 directs MNSure and the commissioner of administration to develop an application to be used for both the emergency insulin assistance program and the Minnesota insulin patient assistance program. The applicant must sign and date the application to attest to the information they provide and that they need insulin on an emergency basis. An applicant must submit a new application form to reapply for the emergency insulin assistance program after 12 months. The application must be available on MNSure and Administration's websites. MNSure must provide applicants an identification number and confirmation of receipt of the application in an electronic format.

Section 1, subdivision 5 requires all pharmacies licensed under ch.151 that dispense insulin to participate as a condition of doing business in Minnesota. The program application must be available at all pharmacies. Pharmacies will dispense up to a three month supply of insulin to eligible individuals, and upon request of an eligible individual, dispense insulin in one month supply increments. Pharmacies will submit claims for reimbursement to the commissioner. Eligible individuals must pay a co-pay of \$30 per month supply. The pharmacy must provide participants with the address for the website established under section 151.06 and information on the Minnesota insulin patient assistance program.

Section 1, subdivision 6 states that the conduct of any person or entity participating in or administering the emergency insulin assistance program is not subject to liability under section 62J.23. Persons or entities participating in or administering the emergency insulin assistance program are prohibited from requesting or seeking reimbursement or compensation under a federal health care program, as defined in 42 U.S.C. section 1320a-7b(f).

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Section 1, subdivision 7 requires the commissioner of administration, in consultation with any contracted TPA and MNsure, to submit an annual report to the Legislature by January 15 of each year, beginning January 15, 2022. The report includes the number of individuals who received insulin in the program; the cost of the program, specifying administrative costs; the number of individuals who attested to being eligible but were enrolled in MA or MinnesotaCare; and, the number of individuals who reapplied for the program.

Section 2, subdivision 1 establishes the insulin assistance account in the special revenue fund in the state treasury. The fees the Board of Pharmacy collects shall be deposited there.

Section 2, subdivision 2 establishes in FY 2021 and subsequent fiscal years open appropriations from the insulin assistance account to the commissioner of administration to fund the emergency insulin assistance program and related administrative costs, and to MNsure to fund administrative costs for the emergency program and the Minnesota insulin patient assistance program. The account will also fund the commissioner of human services for administrative costs for both programs. The commissioner can also transfer funds to the health care access fund as required.

Section 2, subdivision 3 allows the commissioner of MMB to transfer money from the general fund to the insulin assistance account when the account has an expected cash deficiency. Transfers will be included in the determination of manufacturer's registration fees. The general fund will be repaid in full as soon as there are sufficient cash balances in the account.

Section 3, subdivision 1 establishes a cost-sharing limit for insulin that applies to all health plans that provide coverage for insulin.

Section 3, subdivision 2 requires all health plans to limit cost-sharing for insulin to no more than \$30 for a month's supply or proportional cost-sharing for quantities other than a month's supply, regardless of the amount or types of insulin needed. The limit is effective for health plans offered, issued, or renewed on or after January 1, 2021.

Section 4 requires health insurers offering group or individual health plans to provide notification at least 90 days before a dependent child on an enrollee's plan reaches age 26 that the dependent child's coverage will end. Notice must be sent to both the enrollee and the dependent child.

Section 5, subdivision 1 establishes the Minnesota insulin patient assistance program, effective July 1, 2020.

Section 5, subdivision 2 requires individuals to have a valid prescription for insulin and be a resident of Minnesota; not be enrolled in MA or MinnesotaCare; have a tax household income equal or less than 400% FPL; be uninsured, have prescription drug coverage through Medicare with incurred annual out-of-pocket costs that exceed \$1,000, or have private health insurance coverage with cost-sharing that exceeds \$50 for a month's supply of insulin; not be eligible to receive insulin through Indian Health Services, be enrolled in TRICARE, or have prescription benefits through the VA.

Section 5, subdivision 3 requires MNsure to make the application developed under section 16B.992, subdivision 4, available on its website and to pharmacies and health care practitioners. Pharmacies must make program applications available at each location. Applicants must submit a signed application to MNsure through the MNsure website, by mail, or in person. MNsure must develop and implement a process to determine if an individual is eligible and may include assistance from navigators. MNsure may request additional information from the applicant to determine eligibility. MNsure must in consultation with the Department of Human Services determine if the individual is enrolled in MA or MinnesotaCare; if enrolled, the individual is not eligible for the Minnesota insulin patient assistance program, and if not enrolled, MNsure will refer the individual to a navigator for assistance applying for these programs. Navigators will screen individuals for the Minnesota insulin patient assistance program and notify MNsure of eligibility. If the applicant is determined to be eligible, MNsure must submit the individual's patient information to the drug manufacturer insulin assistance programs as required by subdivision 4 and provide the individual with a statement that includes a patient ID number. The statement is valid for 12 months from the date of issuance and eligibility must be redetermined annually. If the individual is not eligible, MNsure, coordinating with a MNsure assister, must provide the individual with information on how to enroll in other insulin coverage options, including private health coverage, another drug manufacturer insulin assistance program, and providers participating in the 340b program. MNsure shall follow the process provided in Minnesota Rules, part 7700.0105 for individuals to appeal the eligibility determination.

Section 5, subdivision 4 requires MNsure to submit the patient's ID number and other relevant information to the drug manufacturer insulin assistance programs. Patients can elect to receive their insulin from the manufacturer assistance program through a community pharmacy, a mail-order pharmacy, or a health care provider designated by the patient.

Section 5, subdivision 5 outlines the manufacturer's responsibilities. Insulin manufacturers licensed under 151.252 must

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participate in the program as a condition of doing business in Minnesota. Each manufacturer must provide MNsure with a fax number, email, and address for a health care practitioner to use for submitting a prescription order. The prescription order includes the patient's name, prescription, and address to where the prescription should be sent or picked up by the patient. Manufacturers must send a three-month supply of the product ordered, unless a lesser amount is requested, to the pharmacy or health care provider designated by the patient at no charge to the patient, pharmacy, or health care provider. Manufacturers must send reorders under the same conditions. Each manufacturer must annually report to the Board of Pharmacy information on the number of individuals participating in the program and the quantity of insulin provided through the program. If a manufacturer fails to comply, the Board of Pharmacy may assess an administrative penalty of up to \$100,000 for each month or partial month a manufacturer is out of compliance.

Section 5, subdivision 6 requires all data collected, created, or maintained by MNsure related to applicants, eligible individuals, and program participants is private data on individuals as defined in section 13.02, subd. 12, but may be shared with participating manufacturers to the extent necessary for program operation and with patient consent. The commissioner of human services and MNsure may enter into an information sharing agreement for the purposes of determining MA and MinnesotaCare eligibility under specified conditions.

Section 5, subdivision 7 states that the conduct of any person or entity participating in or administering the Minnesota insulin patient assistance program is not subject to liability under section 62J.23. Persons or entities participating in or administering the Minnesota insulin patient assistance program are prohibited from requesting or seeking reimbursement or compensation under a federal health care program, as defined in 42 U.S.C. section 1320a-7b(f).

Section 5, subdivision 8 requires MNsure to submit an annual report to the Legislature each January 15, beginning in 2021, summarizing the status of the program and the number of individuals who participated in the program. The Board of Pharmacy must submit a report to the Legislature annually on January 15, beginning in 2021, that includes the number of individuals participating in a drug manufacturer insulin assistance program and the quantity of insulin products provided, as well as an evaluation of the extent to which manufacturers complied.

Section 6 amends Minnesota Statutes 2019 Supplement, section 151.06 subdivision 6 to require the Board of Pharmacy to publish information about the emergency insulin assistance program and the Minnesota insulin patient assistance program, including information on how to access each program.

Section 7, subdivision 1 creates insulin reporting and a registration fee.

Section 7, subdivision 2 requires manufacturers and wholesalers to report to the Board of Pharmacy annually on March 1, beginning in 2020, every sale, delivery, or other distribution of insulin in Minnesota made to any practitioner, pharmacy, hospital, or other authorized person. By March 1 each year, beginning in 2020, each owner of a pharmacy in Minnesota must report to the Board of Pharmacy any intracompany delivery or distribution of insulin into the state that is not otherwise reported by a licensed wholesaler operating on behalf of the pharmacy. If the manufacturer, wholesaler, or pharmacy fails to report the information on a timely basis, the board may assess an administrative penalty of up to \$10,000 per day. Any penalty assessed will be deposited in the insulin assistance account.

Section 7, subdivision 3 requires the Board of Pharmacy to annually assess manufacturers a registration fee which in the aggregate equals (1) the total cost of the emergency insulin assistance program, including any costs incurred by the commissioner of administration, DHS and MNsure, plus outstanding liabilities to the program, and (2) costs incurred by DHS and MNsure in administering the Minnesota insulin patient assistance program. The board determines a prorated fee for each manufacturer based on their percentage of units reported under subdivision 2. The commissioner will estimate the cost of the program for the first fiscal year and notify the board by May 1, 2020, so that the board can estimate the registration fees. By June each year, the board will notify the manufacturer of the registration fee. A manufacturer may dispute the fee no later than 30 days after the date of notification; however, the manufacturer must still remit the fee. The board must make a decision concerning the dispute no later than 60 days after getting the required forms. If the board determines the manufacturer demonstrated the fee was incorrect, the board must adjust the fee, adjust the fee due the next year, or refund the amount paid in error. If a manufacturer fails to provide required information, the board may still set an annual fee. If there is any surplus from the first assessment of the annual insulin fee, the surplus is appropriated to the commissioner of administration and will be refunded to the manufacturers proportionally.

Section 8 amends Minnesota Statutes 2019 Supplement, section 151.252, subdivision 1 to reflect the insulin manufacturer fee.

Section 9 amends Minnesota Statutes 2019 Supplement, section 214.122 to have the Board of Medical Practice and the Board of Nursing ensure that licensees have information about the emergency insulin assistance program and the Minnesota insulin patient assistance program.

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Section 10 states the act may be cited as “The Alec Smith Insulin Affordability Act.”

Section 11 allows for earlier implementation for the emergency insulin assistance program. The governor may use an executive order to direct the commissioner of administration and MNSure to begin operating the programs prior to July 1, 2020. If the governor issues an executive order to begin the program before July 1, 2020, there will be a sufficient amount appropriated to MNSure, the commissioner of DHS and the commissioner of administration in fiscal year 2020 from the insulin assistance account.

Section 12 requires MNSure, in consultation with the commissioner of administration, to conduct a public awareness campaign related to the emergency insulin assistance program and the Minnesota insulin patient assistance program and how to apply.

Section 13 appropriates \$400,000 from the health care access fund (HCAF) to the commissioner of administration to implement the emergency insulin assistance program and contract with a third-party administrator. \$250,000 is appropriated from the HCAF to MNSure for public awareness campaign described in section 12. \$250,000 is appropriated from the HCAF to MNSure for assister training and reimbursement for work related to the Minnesota insulin patient assistance program and the emergency insulin assistance program. And, \$XXX is appropriated from the HCAF to MNSure for administrative costs. XXX is appropriated to the commissioner of human services in fiscal year 2020 from the HCAF. In FY2021, the commissioner of management and budget will transfer \$XXX from the insulin assistance account to the HCAF.

Assumptions

MNSure assumes that requiring health insurance companies notify enrollees when a dependent-child approaches age 26 that the coverage will be ending would have minimal impact on insurance plan premiums, and thus would not have a notable effect on MNSure premium withhold revenue. Furthermore, MNSure assumes this notification would have a minimal impact on demand for insurance products sold through MNSure. Changes in plan premiums or plan demand could have an effect on the amount of revenue MNSure generates through its premium withhold.

Based on an analysis by the Department of Health (MDH), MNSure assumes 23,700 Minnesotans will be eligible for the Emergency Insulin Assistance Program and 18,500 Minnesotans will be eligible for the Minnesota insulin patient assistance program.

MNSure assumes that roughly 70% of eligible Minnesotans, or 16,600 individuals, will participate in the Emergency Insulin Program, and roughly 70% of eligible Minnesotans, or 13,100 individuals, will participate in the Insulin Patient Assistance Program. MNSure bases its uptake assumptions on information provided by MDH, which try to account for a wide variety of factors which may influence use of the program. To date, another similar program does not exist in Minnesota on which to base assumptions. While MNSure understands that ongoing changes and developments within the insulin marketplace including increased usage of manufacturer assistance programs, changes in co-pay caps, and a consumer’s decision not to participate in a given program could decrease uptake, other factors, such as an increase in the price of insulin, formulary design, and the relatively low barrier to enrollment could likewise increase uptake. MNSure assumes that with the addition of the language on the application requiring applicants to attest that they need insulin on an emergency basis uptake could be further suppressed. MNSure assumes uptake assumptions would need to be re-evaluated for possible reductions if “emergency” were specifically defined. However, MNSure accepts that 70% uptake is a reasonable assumption for a program that gives Minnesotans access to medicine on which their lives depend, that has been a high-profile issue in Minnesota, and will be marketed to consumers through a public awareness campaign.

MNSure assumes individuals participating in the patient assistance program will receive insulin for 12 months, at which time an individual must submit a new application form to continue participating in the program.

MNSure assumes it will play a large role in development of the program application form as well as in the development of the annual report on the status of the program, including funding development of an online application for the program. MNSure received an estimate of costs associated with building an online application from Minnesota IT Services (MNIT). MNIT reported IT work would take 11 to 12 weeks to implement and test the system and will require that MNIT have dedicated resources and that the Department of Human Services (DHS) and MNSure make this bill the highest priority. MNIT indicated that a July 1, 2020 effective date would require that they begin their work by April 1, 2020.

For the emergency insulin program, MNSure assumes it would rely on attestation for all eligibility requirements except for whether an individual has accessed the program during the preceding 12 months. MNSure assumes it will track at least one uniquely identifying field on the application to ensure that an applicant accesses emergency insulin only once per 12-month period.

For the patient assistance program, MNSure assumes it would rely on attestation for all elements of an individual’s

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eligibility to participate in the emergency insulin program, except for: 1) tracking at least one uniquely identifying field on the application to ensure that an applicant accesses emergency insulin only once per 12-month period; and, 2) sharing data with DHS to determine if applicants are enrolled in Medical Assistance and MinnesotaCare.

MNsure assumes that data matching using at least one uniquely identifying field will rely on attested information, such that some applicants may submit inaccurate or incomplete information that will be not be able to be verified. MNsure assumes if the requirements for program eligibility change from attestation to verification, MNsure's cost estimates would increase and MNsure may need to enter into new data sharing agreements with other entities to complete required eligibility verifications.

MNsure assumes DHS will enter into a data sharing agreement with MNsure and that DHS will share data required to determine eligibility for the insulin patient assistance program. To check on enrollment status for the Minnesota insulin patient assistance program, MNsure assumes that it will send DHS a daily report of individuals seeking to enroll in the program. MNsure assumes DHS will check against their records and provide a Y/N enrollment status for each individual and send a report back to MNsure once per business day.

MNsure assumes it will need to amend contracts and prepare encumbrances for navigator agencies who will be receiving referrals to set new duties and reimbursement amounts, and certified navigators will be required to complete additional training on the insulin program before receiving referrals. MNsure assumes it would be sending and tracking a referral to a navigator for all individuals who apply who are not already eligible for Medical Assistance or MinnesotaCare, approximately 15,890 referrals per year. MNsure assumes a 26 percent increase in calls and case status requests to the Assister Resource Center (ARC) for navigators supporting these referrals.

MNsure assumes DHS will be appropriated funds for the 2.5 ARC agents MNsure will need to support the referrals. MNsure assumes DHS will hire the ARC agents four weeks in advance of the program start date for onboarding purposes.

MNsure assumes it would utilize the \$250,000 of on-going funding to develop training and to provide a nominal reimbursement to assisters for completing a referral. In FY 2020, MNsure assumes it will use \$60,000 to educate certified assisters on the program and develop and implement a required online learning module for navigators. In FY 2021 and beyond, an estimated \$50,000 of the funding will be used to continue to provide training, and the remaining \$200,000 will be used for payments to navigators participating in the insulin referral program. MNsure assumes if there are 15,890 referrals to navigators to assist consumers with a METS application, MNsure will pay approximately \$13 per completed referral.

MNsure assumes there will be an increase of 7,000 calls to its contact center regarding questions about both insulin programs from potential applicants.

MNsure assumes that all applications for the emergency program will be received electronically. MNsure assumes that paper applications for the patient assistance program that are submitted by mail, fax, in-person, or scanned and emailed to MNsure will be manually entered into MNsure's application system by MNsure staff.

MNsure assumes that pharmacies will provide assistance to applicants seeking emergency insulin. MNsure also assumes paper applications from individuals seeking emergency insulin will be manually entered into MNsure's application system by pharmacies who are providing assistance to applicants.

MNsure assumes that tracking and authorizing insulin dispensed under the emergency and patient assistance programs will be the responsibility of pharmacies and the third-party administrator.

MNsure assumes 4% of applicants will appeal determinations of ineligibility for the program. MNsure assumes it will use the existing appeals processes with our partners at DHS, including the processes and procedures outlined in Minnesota Rules, part 7700.0105. DHS has cited the cost as \$325/appeal.

MNsure assumes it would utilize the \$250,000 appropriated for a one-time public awareness campaign toward contracting with a marketing firm who would assist with market research, planning, creative development, ad production, and media buying. MNsure assumes this process would be very similar to its current approach to marketing related to the annual open enrollment period. MNsure assumes the one-time appropriation will carry forward into FY21 to be used for continued marketing efforts.

MNsure assumes an RFP and award process for the public awareness campaign. Because there is no language exempting MNsure from chapter 16C requirements, MNsure assumes there could be delays in procuring a contract with a marketing vendor.

MNsure assumes it will need to implement an interagency agreement with Management Analysis and Development at Minnesota Management and Budget for programmatic audit and an interagency agreement with the Department of Administration. MNsure assumes it will need to implement a data sharing agreement with drug manufacturers to transfer

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application IDs and other relevant information as required in the bill. MNsure assumes it will be subject to a compliance audit in 2021 or beyond.

MNsure assumes it will negotiate a data-sharing agreement with insulin drug manufacturers to share the eligible patient's identification number and other information the drug manufacturer needs to implement the program. MNsure assumes it will share only the information the manufacturer needs to implement the program, and nothing more.

MNsure assumes that start-up costs in fiscal year 2020 will be appropriated from the health care access fund for both the emergency insulin program and the patient assistance program.

MNsure assumes an executive order from the governor to implement the program prior to July 1, 2020 would take into account the time MNsure, in partnership with MNIT, needs to fully operationalize the program including completing program and process design, development, hiring, and training prior to that date. MNsure also assumes there will be sufficient funding to support the appropriation from the insulin assistance account in fiscal year 2020 to implement the insulin patient assistance program early. MNsure assumes if there are not sufficient funds in the insulin assistance account in fiscal year 2020, that program implementation will be delayed until MNsure has adequate funds to hire resources and begin the project implementation.

This bill provides an open appropriation from the insulin assistance account within the special revenue fund. It is assumed this open appropriation will provide the necessary funding to support MNsure's costs to implement the emergency insulin assistance program and the insulin patient assistance program. If actual program participation is higher or lower than this fiscal estimate, the open appropriation amount will adjust to match actual costs of the program.

Expenditure and/or Revenue Formula

MNsure would need to hire a program manager 20 weeks prior to the bill's enactment in order to operationalize the program by July 1, 2020. MNsure would need to move a Business Analyst from existing work to the insulin program to write requirements and assist in program implementation. The Business Analyst would remain on the insulin program half time in fiscal years 2021 and beyond. MNsure would need to move current instructional design resources to the insulin program no later than eight weeks prior to program implementation to develop and launch an online training module no later than four weeks prior to July 1, 2020 so that navigators would be prepared to begin accepting referrals on July 1. MNsure would need to hire five health insurance program representatives for the MNsure contact center to field inquiries and assist insulin patients with applications. MNsure would need to onboard and train program workers in its operations division and partner relations division four weeks prior to official launch of the program on July 1, 2020.

MNsure would need funding available in advance of the beginning of this work in order to properly implement the emergency insulin program and the Minnesota insulin patient assistance program.

Employee Type	Quantity	Onboarding/set-up costs (ea.)	Annual Salary + Fringe	Duration (weeks)	FY20
MN Health Insurance Prog Rep 1	5	\$4,680	\$54,918	4	\$44,522
MNsure Manager	1	\$4,680	\$125,000	20	\$52,757
Business Analyst	1	N/A	\$77,821	20	\$29,931
STAFF TOTAL	7				\$127,210
Development of online application (and in-house management tools)					\$58,664
Public Awareness Campaign					\$250,000
Navigator Training					\$60,000
TOTAL FY20 COST with STAFF					\$495,874

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Employee Type	Quantity	Onboarding/set-up costs (ea.)	Annual Salary + Fringe	Duration (weeks)	FY21+
MN Health Insurance Prog Rep 1	5	N/A	\$54,918	52	\$274,591
MNsure Manager	1	N/A	\$125,000	52	\$125,000
Business Analyst	1	N/A	\$77,821	24	\$35,917
STAFF TOTAL	7				\$435,509
Compliance/audit/program integrity					\$50,000
Appeals					\$170,300
Notice Printing & Mailing					\$9,600
Maintenance of online application (MNIT work)					\$11,733
Navigator Training and Navigator Referral Payments					\$250,000
TOTAL FY21+ COST with STAFF					\$927,142

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Minnesota Department of Health
 Minnesota Department of Human Services
 Minnesota Department of Administration
 Minnesota IT Services

Agency Contact:

Agency Fiscal Note Coordinator Signature: Libby Caulum

Phone: 651-539-1333

Date: 2/18/2020 5:46:28 PM

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Revised

Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **2/18/2020 6:02:14 PM**
 Agency: **Administration Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Health Care Access	-	321	-	-	-	-
New Fund	-	-	36,806	36,806	36,806	36,806
Total	-	321	36,806	36,806	36,806	36,806
Biennial Total			37,127			73,612

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Health Care Access	-	.33	-	-	-
New Fund	-	-	1.5	1.5	1.5
Total	-	.33	1.5	1.5	1.5

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman **Date:** 2/18/2020 11:29:19 AM
Phone: 651-284-6439 **Email:** alyssa.holterman@lbo.leg.mn

Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Health Care Access	-	321	-	-	-	-
New Fund	-	-	36,806	36,806	36,806	36,806
Total	-	321	36,806	36,806	36,806	36,806
			37,127			73,612
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Health Care Access	-	321	-	-	-	-
New Fund	-	-	36,806	36,806	36,806	36,806
Total	-	321	36,806	36,806	36,806	36,806
			37,127			73,612
2 - Revenues, Transfers In*						
Health Care Access	-	-	-	-	-	-
New Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
			-			-

Bill Description

Establishes a Minnesota insulin patient assistance program that is available for Minnesotans on July 1, 2020. The commissioner of Administration (Admin) is responsible for administering the emergency insulin program. This includes the authority to contract with a third-party administrator (TPA) to process insulin claims. The TPA would pay pharmacies for insulin dispensed to program participants. Prior to July 1, 2020 Admin and MNsure must develop an application to be used for both the Minnesota emergency insulin assistance program and the Minnesota insulin patient assistance program. Applications must be available online at both agencies' websites. Applications will also be available at Minnesota pharmacies. Participants in the emergency program must reapply annually and are eligible for a 90-day supply of insulin, as identified on their prescription, once each 12-month period. The bill also establishes the amount participants will pay for insulin. Annually, Admin reports to the legislature on the use of the program.

Legislation also provides for an exemption from the requirements of M.S. 16C.06 in contracting initially with a TPA.

The insulin assistance account will be appropriated to the commissioner of Admin to fund the emergency insulin assistance program and related administrative costs, and to MNsure for the insulin patient assistance program and the Department of Human Services.

Assumptions

Admin assumes that it will administer the Minnesota emergency insulin program (Program) using a third-party administrator (TPA) on behalf of Minnesotans. The TPA will maintain all data about Program participants and will not transmit private data to Admin. When invoicing, the TPA will provide identifying information, such as the name of the pharmacy that distributed the insulin, the city the insulin was dispensed, the zip code of the participant, and the type and cost of the insulin dispensed. TPA will bill the cost of the insulin, without rebates, plus the dispensing and administration fees for each completed transaction. It is expected that due to the volume of prescriptions and the cost of the insulin, the TPA will invoice Admin no less than weekly. The TPA is expected to require timely payment by wire transfer to ensure pharmacies are paid timely. The TPA will attest to the accuracy of their billing as Admin will not receive detailed information on Program participants. The TPA will rely solely on the attestation information, provided to the pharmacies, to make requests for payments to Admin. The TPA will be required to comply with the requirements of the legislation and the contract. The exception to competitive bidding on the initial contract, M.S.16C.06, is needed to ensure Admin can meet the bill's requirement that the Program is operational on July 1, 2020.

Revised

Based on guidance received from the health community, Admin anticipates that the participation rate will be high among eligible individuals. This is based on the fact that individuals with diabetes need insulin to live, that there will be a significant public education campaign to alert Minnesotans to the Program, as well as media coverage about the Program. In short, we anticipate that eligible individuals will learn about the Program and participate. Further, Program participation is based on attestation and the eligibility requirements do not appear to create a barrier to participation.

There is a high likelihood that the Program will have high number of participants on July 1, 2020 and that this could continue during the initial months of the Program. It is also possible that this cycle would be repeated annually.

Participants in the program will be eligible to receive insulin from the Program for a three-month period. Participants may reapply after twelve months have elapsed from the date the insulin was first dispensed.

Based on an analysis by the Department of Health (MDH), 23,700 Minnesotans will be eligible for the Program. Approximately 70% of the eligible Minnesotans, or 16,600 individuals, will participate in the Program. Admin based these uptake assumptions on information provided by MDH, which attempted to take into consideration a wide variety of factors which may influence use of the Program. The bill language also requires participants identify that they need insulin on an emergency basis. Since emergency is not defined, Admin assumes it will not impact the number of Minnesotans that participate in the Program

Admin assumes the cost of insulin will range from \$350 per month to \$1,350 per month. Insulin costs are based on information provided by Minnesota Management and Budget's SEGIP unit. Admin assumes that the TPA would pay pharmacies at a rate at least as high as the medical assistance payment rate that would apply under section 256B.0625, subdivision 13e. Admin understands that more participants are expected to be at the lower end of the monthly cost range and the following identifies participants and cost level estimates used to estimate the costs of the Program:

- Admin assumes 50 percent of the participants will receive a three-month supply of insulin that costs \$350 per month.
- Admin assumes 25 percent of the participants will receive a three-month supply of insulin that costs \$850 per month (midpoint).
- Admin assumes 25 percent of the participants will receive a three-month supply of insulin that costs \$1,350 per month.

Admin anticipates negotiating a contract that complies with the requirements of the bill and that a contract with a TPA can be negotiated that will charge Admin \$10 each time insulin is dispensed. This estimate is based on conversations with the TPAs and what we have learned since we learned of our role in the proposed legislation. Admin assumes the \$10 will cover the pharmacy dispensing fee and the administration fee for the TPA for each eligible participant that receives insulin through the Program. The costs of implementation with a TPA are unknown and Admin is estimating these costs will be \$250,000 in FY2020. Because this is a specialized program, we do not have detailed knowledge to know how implementation costs would be structured.

If the Program is used consistently throughout the year, there will be an average of 958 participants obtaining insulin from the Program each week (16,600 participants annually x 3 monthly prescription installments / 52 weeks). If participation is higher with the July 2020 launch, it is unknown how many participants or payments will occur. Admin expects to assign staff to negotiate the contract, manage the contract, assist with the development of the application, pay invoices, prepare reports, and work with MNSure and others on Program administration. Admin will enter into interagency agreements as needed.

Admin assumes there will be sufficient funds in the insulin assistance account in FY2020 and beyond to implement and sustain the Program, including the costs of implementation, insulin, the TPA, and Admin operating costs associated with the Program. If there are insufficient funds in the insulin assistance account, Minnesota Management and Budget is allowed to transfer funds from the General Fund.

There is significant work effort that must be completed before the July 1, 2020 implementation and Admin assumes funding will be available to negotiate the contract with the TPA, develop the application, assist the public awareness campaign, and prepare for implementation. Admin has included no costs for early implementation. If implementation is prior to July 1, 2020, Admin's costs would likely increase to ensure staff were available and trained for implementation.

Expenditure and/or Revenue Formula

Revised

Emergency Insulin Program

Insulin Participants (Total Program Participants - 16,600)	Cost of Insulin per month	3 Month Insulin Supply Cost	Emergency Insulin Supply Cost--All Eligible
50% of eligible @ 350 per month (8,300 participants)	\$350	\$1,050	\$8,715,000
25% of eligible @ 850 per month (4,150 participants)	\$850	\$2,550	\$10,582,500
25% of eligible @ 1350 per month (4,150 participants)	\$1,350	\$4,050	\$16,807,500
Estimated MN Emergency Insulin Costs			\$36,105,000

Estimated Admin Program Costs FY2020, FY2021 and beyond:

Estimated Program Costs	FY2020	FY2021 and beyond
Insulin	\$0	\$36,105,000
Dispensing and Administration Fees - \$10 per eligible participant per month, 16,600 participants	\$0	\$498,000
Program implementation	\$250,000	0
1 State Program Administrator Principal <ul style="list-style-type: none"> · FY2020*, 4 months, .5 FTE (e.g., contract, application) · FY2021 and beyond, .5 FTE 	\$70,564	\$202,891
1 Accounting Technician <ul style="list-style-type: none"> · FY2020*, 2 months, 1 FTE (training) · FY2021 and beyond, 1 FTE 		
*FY2020 includes furniture, phone and computer costs		
Estimated Costs of Insulin and Administration	\$320,564	\$36,805,891

For comparison, if the midpoint cost of insulin (\$850 per month) was used for all eligible individuals in the Program, the cost of the insulin would be \$42,330,000.

Long-Term Fiscal Considerations

Over the first and second years of the Program, Admin will receive Program information, including details about participation and the cost of eligible individuals' insulin and will be able to provide Program estimates that detail longer term cost projections.

Local Fiscal Impact

None

References/Sources

Department of Health, eligibility information

Minnesota Management and Budget, SEGIP, insulin costs

Agency Contact: Lenora Madigan 201-2563

Agency Fiscal Note Coordinator Signature: Bruce Lemke

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Date: 2/18/2020 11:25:11 AM

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Revised

Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **2/18/2020 6:02:14 PM**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Carlos Guereca **Date:** 2/17/2020 12:50:36 PM
Phone: 651-2846541 **Email:** carlos.guereca@lbo.leg.mn

Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The legislation establishes an emergency insulin assistance program under the purview of the Department of Administration (Minnesota Statutes, chapter 16B.992) and an insulin patient assistance program under the purview of MNsure (Minnesota Statutes, chapter 62V.12) along with appropriations. Both programs begin July 1, 2020, unless the Governor establishes an earlier date via executive order. The legislation creates reporting and registration requirements for insulin manufacturers and wholesalers. It also limits health plan cost-sharing for insulin (Minnesota Statutes, chapter 62Q.491), and establishes a notification requirement of coverage ending for dependent children (Minnesota Statutes, chapter 62Q.678).

Assumptions

The legislation has no fiscal impact on the Department of Health. The health plan cost-sharing limit and notification components of this legislation would require regulatory oversight by the Department of Health, but would be incorporated into existing review processes and would not materially increase workloads.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Brian Awsumb

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Revised

Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **2/18/2020 6:02:14 PM**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Health Care Access	-	26	-	-	-
New Fund	-	-	332	316	316
Total	-	26	332	316	316
Biennial Total			358		632

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Health Care Access	-	2.5	-	-	-
New Fund	-	-	5.5	5.5	5.5
Total	-	2.5	5.5	5.5	5.5

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 2/18/2020 8:12:31 AM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.leg.mn

Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Health Care Access	-	26	-	-	-	
New Fund	-	-	332	316	316	
Total	-	26	332	316	316	316
Biennial Total			358			632
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Health Care Access	-	26	-	-	-	
New Fund	-	-	332	316	316	
Total	-	26	332	316	316	316
Biennial Total			358			632
2 - Revenues, Transfers In*						
Health Care Access	-	-	-	-	-	
New Fund	-	-	-	-	-	
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill creates a new Minnesota Insulin Patient Assistance Program effective July 1, 2020 or earlier by an executive order from the Governor.

Section 5: Requires the commissioner of human services (DHS) to share data with MNSure for the purposes of determining the Medical Assistance (MA) and MinnesotaCare enrollment status of individuals applying for the Minnesota Insulin Patient Assistance Program. This section allows DHS and the MNSure board of directors to enter into an information sharing agreement for this purpose.

This section indicates that the MNSure board is required to process appeals of eligibility determinations for the Minnesota Insulin Patient Assistance Program according to Minnesota Rules, part 7700.0105.

Assumptions

Verification of MA or MinnesotaCare Enrollment

This fiscal note assumes DHS is required to verify MA or MinnesotaCare enrollment status of individuals applying for the Minnesota Insulin Patient Assistance Program within one business day of receiving a request from MNSure.

This fiscal note assumes approximately 13,100 coverage checks will be required annually. This will require 0.5 FTE to work a daily report of applicants or participants from MNSure and determine current coverage status of the individuals included in the report. This FTE is a MAPE 15 and assumes the FTE begins in July 2020. This fiscal note assumes fringe benefits are equivalent to 30 percent of the bargaining unit salary and first year overhead costs are \$13,990 with an additional \$1,293 each month of employment. Because this is a state-only funded program, it is assumed that this FTE is not eligible for federal financial participation (FFP).

State Medical Review Team

This fiscal note also assumes DHS will experience an increase in individuals seeking a disabled basis of MA eligibility that requires a certification of disability from the State Medical Review Team (SMRT).

This bill connects individuals seeking access to the Minnesota Insulin Patient Assistance Program to work with a navigator to identify options for affordable health care, including MA. Because all these individuals are known to have a disease that can affect multiple body systems, there is a high likelihood that a portion of this population will apply for MA through a disability basis of eligibility. This estimate assumes approximately five percent of the 13,100 individuals will go through the

Revised

SMRT process on an annual basis. On average, a SMRT case manager can process approximately 600 cases annually, therefore this fiscal note assumes 1 FTE will be needed to process the additional volume of SMRT referrals. This FTE is a MAPE 11 and assumes the FTE begins in July 2020. This fiscal note assumes fringe benefits are equivalent to 30 percent of the bargaining unit salary and first year overhead costs are \$13,990 with an additional \$1,293 each month of employment. Because this FTE will be determining eligibility for the federally funded MA program, this FTE will be eligible for an average FFP of 32 percent.

Appeals

This fiscal note assumes eligibility determination appeals will be processed by DHS according to Minnesota Rules, part 7700.0105. It is assumed that the current Interagency Agreement between MNSure and DHS will be applicable to these appeals. This agreement provides that MNSure will pay for appeals costs incurred by DHS based on actual case counts and the actual cost of adjudicating those appeals. It is assumed that four percent of the 13,100 annual applications will require appeals. MNSure reimburses DHS per appeal. Appeals cost an average of \$325 per appeal, therefore it is assumed that the administrative costs incurred to conduct the appeals and the corresponding revenue from MNSure will be approximately \$170,300 per year. This is equivalent to approximately 1.5 additional FTEs required to cover the costs of adjudicating the increased appeals.

Assister Resource Center

DHS assumes that the Assister Resource Center (ARC), housed within MNSure, will have an increased volume of work, including amending contracts and preparing encumbrances for navigator agencies who will be receiving referrals to set new duties and reimbursement amounts. DHS assumes the FTEs in the ARC will be sending and tracking referrals to navigators for approximately 16,600 referrals per year on behalf of MNSure. To cover this additional work this fiscal note assumes 2.5 additional ARC FTEs are needed. This FTE is a MAPE 11 and assumes the FTE begins in June 2020. This fiscal note assumes fringe benefits are equivalent to 30 percent of the bargaining unit salary and MNSure's onboarding and set up costs are \$4,680 for each FTE.

Reports

This fiscal note assumes DHS will not be involved in producing the various reports described in this bill.

Navigators

Finally, this fiscal note assumes that MNSure administers the funding and administrative work to dispense the navigator training and reimbursement related to the Minnesota Insulin Patient Assistance Program.

Expenditure and/or Revenue Formula

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2020	FY2021	FY2022	FY2023
New	13	HCA Admin (HCEO .5 FTE)		66	59	59
New	13	HCA Admin (HCEA 1 FTE)		119	105	105
New	REV1	HCA Admin FFP @ 32% (HCEA FTE only)		(38)	(33)	(33)
New	11	Ops Admin (Apls 1.5 FTE)		170	170	170
New	REV	MNSure payment for Appeals		(170)	(170)	(170)
HCAF	13	ARC Admin (2.5 FTE)	26			
New	13	ARC Admin (2.5 FTE)		185	185	185
		Total Net Fiscal Impact	26	332	316	316
		Full Time Equivalents	2.5	5.5	5.5	5.5

Revised

Long-Term Fiscal Considerations

The costs discussed in this fiscal note are ongoing.

Local Fiscal Impact

Counties may have increased costs related to processing additional Medical Assistance applications.

References/Sources

Sarah Orange, Health Care Administration

MNsure

MAPE 2019 Compensation Grid

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Revised

Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **2/18/2020 6:02:14 PM**
 Agency: **Medical Practice Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-
Biennial Total	-			-	-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Carlos Guereca **Date:** 2/18/2020 9:16:10 AM
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Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF3100-6A establishes an emergency insulin program and an insulin assistance program.

Section 9 amends MN Statutes § 214.122 to require the Board to ensure that licenses who are authorized to prescribe are provided with information on the emergency insulin assistance program established under section 16B.992 and the Minnesota insulin patient assistance program established under 62V.12, including health care practitioners' responsibilities under the programs and how patients can apply for the programs.

Assumptions

The Board currently has the capacity to post information on its website and to notify licenses individually, via gov. delivery, of requirements, resources and other relevant information to the emergency insulin assistance program and the Minnesota patient assistance program.

The Board assumes no fiscal impact to provide the notifications required under Section 9 of the proposed legislation because education of licensees is an integral responsibility. The Board's vision is to provide information to licensees and the public to the extent that public protection is enhanced prospectively rather than relying heavily on a complaint-driven system. The Board is evaluating future communication resource needs and solutions.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

Local Fiscal Impact

NA

References/Sources

NA

Revised

Agency Contact: Ruth Martinez (612-548-2150)

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Revised

Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **2/18/2020 6:02:14 PM**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 2/17/2020 5:34:26 PM
Phone: 651-284-6438 **Email:** joe.harney@lbo.leg.mn

Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

Section 2, subd. 3 permits the commissioner of management and budget to transfer money from the general fund to the insulin assistance account when the account is projected to have a cash deficiency. It requires the general fund to be repaid in full once sufficient cash balances are available in the account. It requires transfers made under this subdivision to be included in the manufacturer's fee calculation.

Section 7, subd. 3 requires the board of pharmacy to annually assess manufacturers a registration fee. The calculation must include any transfer from the general fund to the insulin assistance account that has not been repaid.

Section 13, para. d and e require that in FY 2021, the commissioner of management and budget will transfer funding from the insulin assistance account to the health care access fund in repayment of the initial appropriation from the health care access fund to the commissioner of administration, the commissioner of human services, and the board of directors of MNsure.

Assumptions

This bill does not have a direct fiscal impact to the operating budget of Minnesota Management and Budget (MMB). MMB regularly performs transfers within its normal scope of business.

The general fund transfer authority granted in this bill provides cash flow assistance to help ensure sufficient funding to operate and administer the emergency insulin assistance program and the insulin patient assistance program. Starting in FY 2021, the bill provides open appropriations to the commissioner of administration, the board of directors of MNsure, and the commissioner of human services to fund costs of insulin reimbursement and other operating costs for the emergency insulin assistance program, and for administering the insulin patient assistance program.

The emergency insulin assistance program is an uncapped, forecast benefit that provides insulin to those participating in the program. This program, along with the insulin patient assistance program, is funded from a manufacturer's fee based on prior year cost experience and collected in the fourth quarter of the fiscal year. Fees are deposited in the insulin assistance account within the special revenue fund.

There is risk that program costs exceed available resources in the insulin assistance account. Fees are based on prior year costs and program participation could exceed prior year experience. If this occurs, MMB will make a refundable general fund transfer to the insulin assistance account to provide cash assistance.

The bill provides a mechanism to increase manufacturer fees if transfer is required. MMB assumes there will be available cash balances to repay the general fund because of the manufacturer fee calculation must include any unpaid transfers made for this purpose.

Given the timing of expenditures and fee collections, transfers and repayments might cross fiscal years and/or biennia. If this occurs, MMB will book a cost to the general fund in the year the transfer is made and corresponding revenue in the

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anticipated repayment year. MMB is not tracking fiscal impact in this fiscal note attributable to the potential cash flow assistance allowed in this bill because MMB assumes that the revenues assumed in the fiscal note will cover expenditures.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **2/18/2020 6:02:14 PM**
 Agency: **Nursing Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-
Biennial Total				-	-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Carlos Guereca **Date:** 2/18/2020 9:16:22 AM
Phone: 651-2846541 **Email:** carlos.guereca@lbo.leg.mn

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF3100-6A establishes an emergency insulin program and an insulin assistance program.

Section 9 amends MN Statutes § 214.122 to require the Board to ensure that licenses who are authorized to prescribe are provided with information on the emergency insulin assistance program established under section 16B.992 and the Minnesota insulin patient assistance program established under 62V.12, including health care practitioners' responsibilities under the programs and how patients can apply for the programs.

Assumptions

The Board currently has the capacity to post information on its website and to notify licenses individually, via gov. delivery, of requirements, resources and other relevant information to the emergency insulin assistance program and the Minnesota patient assistance program.

The Board assumes no fiscal impact to provide the notifications required under Section 9 of the proposed legislation because education of licensees is an integral responsibility. The Board's vision is to provide information to licensees and the public to the extent that public protection is enhanced prospectively rather than relying heavily on a complaint-driven system. The Board is evaluating future communication resource needs and solutions.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

Local Fiscal Impact

NA

References/Sources

NA

Agency Contact: Shirley Brekken (612-317-3012)

Agency Fiscal Note Coordinator Signature: Shirley Brekken

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Revised

Fiscal Note

2019-2020 Legislative Session

HF3100 - 6A - Alec Smith Insulin Affordability Act

Chief Author: **Michael Howard**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **2/18/2020 6:02:14 PM**
 Agency: **Pharmacy Board**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Health Related Boards	-	-	-	-	-
New Fund	-	-	(38,408)	(37,799)	(37,799)
Total	-	-	(38,408)	(37,799)	(37,799)
Biennial Total			(38,408)		(75,598)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Health Related Boards	-	-	-	-	-
New Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Carlos Guereca **Date:** 2/18/2020 4:02:30 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
Health Related Boards		-	-	-	-	-
New Fund		-	-	(38,408)	(37,799)	(37,799)
Total		-	-	(38,408)	(37,799)	(37,799)
Biennial Total		(38,408)			(75,598)	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Health Related Boards						
Expenditures		-	2	2	2	2
Absorbed Costs		-	(2)	(2)	(2)	(2)
New Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total		-			-	
2 - Revenues, Transfers In*						
Health Related Boards						
New Fund		-	-	38,408	37,799	37,799
Total		-	-	38,408	37,799	37,799
Biennial Total		38,408			75,598	

Bill Description

Pharmacies and insulin manufacturers licensed by the Board would be required to participate in emergency and longer-term insulin assistance programs. Requirements that the pharmacies and manufacturers would have to follow are spelled out.

The Board would have to modify its Savings on Prescription Drugs page to include information about these new programs.

The manufacturers would have to annually report to the Board information on the number of individuals participating in the programs, the quantity of insulin provided through the program, and other information necessary for the board to verify manufacturer compliance. The Board would use this data to prepare an annual report to the Legislature.

The Board would be allowed to assess an administrative penalty of up to \$100,000 per month for those months during which a manufacturer was not in compliance with the requirements of the longer-term assistance program.

The bill requires drug manufacturers, drug wholesalers and pharmacies to report, to the Board of Pharmacy, insulin distributions made to certain persons and businesses. The reporting would occur by March 1 of each year, beginning March 1, 2020. The Board would be allowed to assess a late fee of up to \$10,000 per day if companies failed to report on time

The Board would use this data to determine a prorated annual insulin registration fee that each insulin manufacturer would have to pay. If the manufacturer fails to report as required, the Board would be allowed to set the annual registration fee for that manufacturer based on medical assistance data. (Note that the first fee assessment would be based on an estimate of the cost of the program, provided by Administration).

The Board would have to invoice each manufacturer for its fee by June 1st of each year. The manufacturer would have to pay that fee by July 1st of each year. The Board would be allowed to assess a late fee of 10% per month. Fees collected by the Board would be deposited into a new insulin assistance account in the special revenue fund of the state treasury. Money in that account is appropriated to the commissioner of Administration to reimburse pharmacies for insulin dispensed under a new emergency insulin program that would be established. Money would also be appropriated to MNSure to fund administrative costs incurred for the operation of the Minnesota insulin patient assistance program.

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Manufacturers would have the right to dispute the fee amount by submitting required forms and data satisfactory to the Board that demonstrates that the fee was incorrect or otherwise unwarranted. The Board would be required to make a decision about the dispute within 60 days. If the manufacturer's dispute is successful, the Board would have to adjust the fee for that year or for the next year or issue a refund plus adjust the fees of other manufacturers to ensure that the registration fee in the aggregate was sufficient to support the program.

Assumptions

Since there are only three insulin manufacturers and only a limited number of insulin products, no changes to the Board's licensing database system will be required and the Board will not have to contract with a vendor to develop a new program for collecting and managing data. The data can be collected and managed using ordinary office software that the Board already licenses. With just three manufacturers, only three invoices will need to be prepared and only three payments will be received and processed. The tasks of collecting and processing the data, preparing and mailing the invoices, and processing the payments and to compile, analyze, and report on wholesaler, pharmacy, and manufacturer data will be assigned to an existing staff member, so the Board will not have to hire new staff. Consequently, the Board will not need an increase in appropriation but can, instead, cover the minimal costs under its existing appropriation.

Expenditure and/or Revenue Formula

The amount of revenue collected is dependent on the estimate of costs that other agencies needs to provide. The Board received the estimate from the respective agency. For the reasons mentioned above, the Board will have only a very minimal cost which can be absorbed within its current appropriation. (\$2,000 is the estimate of the value of staff time used).

The amounts reflected in the revenue section are from Health, Admin and MNsure.

Long-Term Fiscal Considerations

Unknown. This would depend on the number of people eligible for the program from year-to-year and also on increases in the price of insulin.

Local Fiscal Impact

NA

References/Sources

NA

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